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BY THE COMPTROLLER GENERAL

Report To The Congress OF THE UNITED STATES

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6 Faster Processing Of DOD Personnel Security Clearances Could Avoid Millions In Losses,

Security clearance requests for DOD and industry personnel have increased substantially since 1978 without a corresponding increase in DOD and FBI personnel who investigate and process the requests. Processing delays--some averaging 220 days--are costly and could weaken national security. Based on an industry study, GAO estimates that 1982 productivity losses could cost the Government as much as \$920 million--\$340 million for industry and \$580 million for DOD.

This report recommends that prompt action be taken to hire additional personnel and that FBI automation efforts be expedited.

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

B-204570

To the President of the Senate and the
Speaker of the House of Representatives

This report describes the results of our review of delays in the processing of security clearances for Department of Defense and contractor personnel. These delays are costly and increase the risks to national security. This is the sixth in a series of reports on our continuing review of the protection of national security information. Because of the need for prompt reporting, we did not request official agency comments,

We are sending copies of this report to the Director, Office of Management and Budget; the Administrator of General Services; the Secretary of Defense; and the Attorney General.

Wilton J. Forster

Acting Comptroller General
of the United States

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COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

FASTER PROCESSING OF DOD
PERSONNEL SECURITY CLEARANCES
COULD AVOID MILLIONS IN LOSSES

D I G E S T

A significant increase in the number of security clearance requests for Department of Defense (DOD) and contractor personnel and delayed processing time have resulted in lost productivity costing millions and weakened national security.

The increased procurement and other activity associated with a higher DOD budget for 1982 and subsequent years could worsen the situation, unless prompt action is taken to reduce the turnaround time for processing the requests. Such action could be done at minimal cost and could (1) save the Government as much as \$920 million in 1982 and (2) strengthen national security.

The review was requested by the Vice Chairman, Subcommittee on International Trade, Finance, and Security Economics, Joint Economic Committee; and the Chairman, Subcommittee on Government Information and Individual Rights, House Committee on Government Operations, as part of GAO's continuing review of the protection of national security information.

PERSONNEL SECURITY CLEARANCES

In accordance with Executive Order 12065, and previous orders, national security information is classified at three levels--top secret, secret, and confidential. If an individual's job requires access to information classified top secret, that individual must first be issued such a clearance. Similarly, access to secret information requires a secret clearance.

Before a top secret clearance is issued, a background investigation is conducted by the Defense Investigative Service. This includes interviews and records checks at law enforcement agencies, credit bureaus, and places of employment and education. A national agency check, including an examination of the criminal and security files at the Federal Bureau of Investigation (FBI) and files of other Federal agencies, is also made as

part of each background investigation. The various elements of the background investigation are referred to as leads. A secret clearance requires completion of a favorable national agency check. Contractors are authorized to grant confidential clearances to their employees after checking locally available records to determine if such access is consistent with the interests of national security. About 1.2 million contractor and 1.5 million DOD military and civilian personnel have security clearances.

INCREASE IN REQUESTS

Requests for security clearances increased from 766,700 in 1978 to 903,500 in 1980, or about 18 percent. Estimates for 1981 and subsequent years show a continuing increase. Although DOD standards for processing requests for a background investigation and national agency check are 90 and 30 days, respectively, as of May 1981 industry requests for clearances were taking an average of 220 and 103 days, respectively. (See p. 5.)

DELAYS ARE COSTLY

A 1977 industry study estimated the average loss in productivity to be about \$31 a day for each employee unable to work on the classified portion of a Government contract. Adding a factor for inflation since 1977 would make that cost \$43 a day by the end of 1981. On the basis of an estimated 130,000 clearance requests from industry in 1982, processing delays could cost industry, and subsequently the Government, about \$340 million in 1982. GAO estimates that delays in processing DOD requests could cost about \$580 million in 1982. In July 1981 the Deputy Under Secretary of Defense for Policy told the Secretary of Defense that clearance delays resulted in costly slippage in initiation or schedules of classified contracts and some degradation of operational readiness. (See p. 6.)

The urgency of some programs and extensive delays in obtaining clearances have forced DOD to issue an increasing number of interim clearances. These clearances are followed at a later date by background investigations and national agency checks. Some interim clearances have been revoked because the

subsequent investigations disclosed derogatory information, but the number of such revocations is unknown. About 9,600 interim clearances were issued to industry personnel in 1980, compared to 6,100 in 1978. The number issued to DOD personnel was not available. GAO believes that the increase in the use of interim clearances increases the risks to national security. (See p. 9.)

INSUFFICIENT STAFF

The size of the Defense Investigative Service staff making investigations required for top secret and some secret clearances has not kept pace with the increase in clearance requests. Although the number of requests increased 18 percent between 1978 and 1980, the number of investigators authorized was reduced from 855 in 1978 to 847 in 1980. In 1980 the investigators completed work on 2.4 million leads. The authorized staff was increased to 1,071 in 1981, but will not be sufficient to reduce the backlog of requests and handle the increases in new requests projected for 1982 and subsequent years. (See p. 10.)

The FBI's Identification Division provides fingerprint and arrest records services primarily to law enforcement agencies. DOD security clearances accounted for about 13 percent of the 6 million requests for services in 1980. In fiscal year 1978, the average turnaround time was 14 workdays and there was a backlog of 197,000 fingerprint cards. By 1980, the turnaround time was 26 workdays and the backlog was 564,000. According to DOD records, the turnaround time was 58 calendar days in June 1981. The division's authorized staff was 3,586 in 1978, but by January 1981 it had been reduced to 2,863. (See p. 11.)

DOD AND FBI EFFORTS TO CORRECT PROBLEM

In June 1981 the Deputy Secretary of Defense announced several short-term actions to reduce the clearance delays. A moratorium was placed on all periodic reinvestigations (investigations required every 5 years for granting access to special program information). Background investigations for secret clearances were eliminated, and the scope of the investigations was revised. Investigators

from the Air Force, Army, and Office of Personnel Management were temporarily assigned to conduct investigations. In addition to these actions, in July 1981 the Deputy Under Secretary of Defense for Policy requested that the Secretary of Defense reprogram the 1982 budget (\$226 billion and 1,025,000 civilian personnel) to give the Defense Investigative Service an additional \$12.5 million and 880 positions, including 595 investigators. The additional staff would be used to handle an estimated increase of 30,000 background investigations in 1982 and reduce the average turnaround time for the background investigation to 65 days. GAO agrees that DOD needs additional investigators and support staff. (See p. 14.)

The FBI is planning several actions to reduce the backlog of requests in the Identification Division, such as eliminating free services to noncriminal justice requesters. However, the major effort is centered on a long-term program to automate the operations of the division. The Attorney General's Task Force on Violent Crime concluded that automation efforts should be accelerated where possible. The Task Force recommended that the Attorney General take all steps necessary to reduce substantially the delay in processing criminal identification requests. GAO agrees with the task force but believes a more immediate solution to the problem is the hiring of additional staff. To bring the division's staffing level to 3,600 in 1982 will require an additional 570 positions at a cost of about \$7.8 million. (See p. 16.)

RECOMMENDATIONS

The Secretary of Defense should reprogram DOD's 1982 budget to provide the Defense Investigative Service authority to hire the additional personnel needed to expedite the investigation and processing of personnel security clearances.

The Attorney General should request, and the Director, Office of Management and Budget, should approve authority for the FBI to increase the number of personnel in the Identification Division. The Attorney General should also expedite implementation of the proposed automation program in that division.

AGENCY COMMENTS

GAO did not request official comments from DOD or FBI because of the need for prompt reporting.

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ABBREVIATIONS

BI	Background Investigation
DIS	Defense Investigative Service
DISCO	Defense Industrial Security Clearance Office
DOD	Department of Defense
FBI	Federal Bureau of Investigation
GAO	General Accounting Office
NAC	National Agency Check
PIC	Personnel Investigations Center

CHAPTER 1

INTRODUCTION

This review was requested by the Vice Chairman, Subcommittee on International Trade, Finance, and Security Economics, Joint Economic Committee; and the Chairman, Subcommittee on Government Information and Individual Rights, House Committee on Government Operations, as part of our continuing review of the protection of national security information.

The classification of national security information has been governed by various Executive orders since 1940 and is currently governed by Executive Order 12065, which took effect December 1, 1978. The current order, like its predecessors, provides for three levels of classification--top secret, secret, and confidential--depending on the degree of sensitivity of the information to national security. The order also provides that no person may be given access to classified information unless that person has been determined to be trustworthy and unless access is necessary for the performance of official duties.

Executive Order 10865, issued February 20, 1960, authorizes the Secretary of Defense and certain other agency heads to issue regulations that prescribe specific requirements and restrictions to safeguard classified information within industry. About 11,000 contractor facilities have been authorized to handle classified information.

In the Department of Defense, the Deputy Under Secretary of Defense for Policy is responsible for establishing policies and procedures for the personnel security program. The Defense Logistics Agency was responsible for the industrial security program from 1965 until 1980; however, program responsibility was transferred to the Defense Investigative Service (DIS) on October 1, 1980. One of the functions of DIS is to conduct the investigations needed to grant security clearances to DOD and contractor personnel.

Two DIS installations play a major part in the clearance process--the Personnel Investigations Center (PIC) at Baltimore, Maryland, and the Defense Industrial Security Clearance Office (DISCO) at Columbus, Ohio. DISCO is responsible for determining the eligibility of industry personnel for access to classified information. DISCO also maintains current files of all industry personnel who have been granted such access. Industry requests for clearances are sent to DISCO, where they are recorded and generally forwarded to PIC.

The industry requests, along with clearance requests for DOD military and civilian personnel submitted by DOD components, are reviewed by PIC, and copies are sent to the applicable DIS region

or regions if investigative work is required. This type of work is referred to as a background investigation (BI). A BI consists of records checks at police agencies, places of employment and education, and interviews with individuals who are or have been acquainted with the subject of the investigation. The various elements of the BI are referred to as leads. Copies of the clearance requests are also sent to the Federal Bureau of Investigation (FBI) to ascertain the existence of any records of arrests. Other Federal agencies, such as the Immigration and Naturalization Service, may also be sent copies. The review of Federal agency arrest or investigative records is called a national agency check (NAC).

The amount of investigative work done depends on the type or level of clearance requested, which, in turn, depends upon the level of classified information to which the individual will have access--top secret, secret, or confidential. A top secret clearance requires a BI and a NAC. A secret clearance generally requires a NAC. If the NAC discloses derogatory information, the investigation is expanded. There are several variations of NACs, but for purposes of this report they are treated collectively. Generally, contractors are authorized to grant confidential clearances to their employees, after a check of locally available records shows that such access is clearly consistent with the interests of national security.

After the investigations are completed for industry personnel, PIC returns the cases to DISCO and that office notifies the contractors when clearances are granted. If minor derogatory information is developed during an investigation, DISCO will adjudicate the case. DISCO does not adjudicate cases involving serious derogatory data. Such cases are sent to the Directorate for Industrial Security Clearance Review, DOD Office of the General Counsel, for a final determination of eligibility for a security clearance.

After investigations are completed for DOD civilian and military personnel, PIC sends the cases to the DOD components that requested the clearances, and those components do the adjudication.

Currently, about 1.5 million DOD and 1.2 million contractor personnel have security clearances. In fiscal year 1980, DIS participated in the granting of about 900,000 security clearances.

DOD has many special access programs that were established to protect particularly sensitive information. Generally, individuals allowed access to such information must undergo a

security investigation of themselves and their families more intensive than that described above. This type of investigation is referred to as a special background investigation. These special investigations are included as part of the background investigations discussed in this report.

OBJECTIVES, SCOPE, AND METHODOLOGY

Although our initial objectives were to evaluate the protection afforded national security information in industry and identify areas for potential savings in this costly program, it soon became apparent after discussions with industry and DOD officials that the most pressing problem was the delay in processing personnel security clearances for industry personnel. The major factor contributing to the delays appeared to be a shortage in the DIS investigative staff. Since that staff is also responsible for making personnel security investigations of DOD civilian and military personnel, the impact on DOD personnel security investigations was included in our review where applicable.

Because of the critical nature of the problem of delays in processing security clearances, both in cost and effect on defense contract execution and national security, we limited our work to that considered necessary to satisfy the objectives described below. Although there were indications that some requests for clearances may be unnecessary, an evaluation to identify the significance of the problem, its causes, and possible solutions will require a long-term audit effort. Consequently, this problem and other less critical matters identified during the review, as well as some potential solutions, will be addressed in our ongoing review of personnel and physical security in industry.

Our objectives during this review were to identify the (1) causes of delays in granting personnel security clearances, (2) costs and other effects of those delays, and (3) actions being taken to reduce the delays.

To achieve our objectives, we visited 25 contractors in California, Florida, Maryland, and Virginia. The contractors were selected because of their size, the size and number of classified contracts, and the number of personnel with security clearances. The number of such employees ranged from 190 to 20,000. The diversity of DOD components that awarded the contracts was also a factor in our selection. We also contacted the National Security Industrial Association, the Aerospace Industries Association, and the National Classification Management Society.

We visited the DIS headquarters office in Washington, D.C.; field offices in Los Angeles, California; Orlando, Florida; and Washington, D.C.; DISCO in Columbus, Ohio; and PIC in Baltimore, Maryland. We visited the FBI headquarters office and observed the operations of the Identification Division. We also observed the security clearance operations at DISCO and PIC and examined selected cases at both locations.

We reviewed DIS and FBI activity reports and budget requests and authorizations. We also reviewed correspondence among DOD, DIS, and contractors and discussed the matters included in this report with DOD, DIS, and FBI officials. DOD, DIS, and FBI officials responsible for the various operations involved in processing security clearances agreed with the factual information presented in this report.

Although there is no way of precisely determining the costs of delays in processing personnel security clearances, we used what we believe to be a reasonable industry estimate, a 1977 industry study, to compute such costs. In that study, 37 contractors covering a broad spectrum of industry involved in classified contract activity were requested to provide the "lost efficiency" cost of employees who were not able to work on classified contracts until their clearances were received. On the basis of the salaries or hourly wages and related personnel costs reported by the 20 companies that responded, the average "lost efficiency" cost was \$31 a day. Because there was no similar departmentwide study for DOD personnel, we used about half of the average daily cost for industry to estimate the cost of clearance delays for DOD personnel. Both cost figures have been adjusted for inflation since 1977.

This is the sixth report in our overall plan for reviewing the Government's national security information program. The five earlier reports and previous reports pertaining to reviews of personnel security investigations in DOD are listed in the appendix.

CHAPTER 2

CAUSES AND COSTS OF DELAYS IN PROCESSING

PERSONNEL SECURITY CLEARANCES

The number of requests for personnel security clearances has steadily increased since fiscal year 1978, without a corresponding increase in the Government personnel needed to investigate and process the requests. As a result of the situation, the average time to process the requests has increased substantially. These processing delays are very costly in terms of losses in productivity and impact on national security. Expediting the clearance process could be done at minimal cost and could save the Government about \$340 million to \$920 million in fiscal year 1982 and could strengthen national security. The major factors involved in this problem are discussed below.

INCREASE IN REQUESTS FOR PERSONNEL SECURITY CLEARANCES

The number of requests for personnel security clearances for DOD and industry personnel increased from 766,700 in 1978 to 903,500 in 1980, or about 18 percent. Estimates for 1981 and subsequent years show a continuing increase. The increase appears to be the result of stepped-up activity in defense programs. The following tabulation shows the number of new requests for a BI, including a NAC, which is needed for a top secret clearance and for a NAC, which is needed for a secret clearance.

<u>Fiscal year</u>	<u>BI</u>	<u>NAC</u>	<u>Total</u>
1978	146,800	619,900	766,700
1979	153,000	649,600	802,600
1980	174,000	729,500	903,500
1981 (estimate)	170,800	754,200	925,000
1982 (estimate)	201,000	849,000	1,050,000

As the number of new requests has increased, the inability of Government investigative resources to cope with them is reflected in the number of open requests. At the end of fiscal year 1978, that number was 67,000. Two years later, it was 133,800. Although DOD standards for processing a BI and a NAC are 90 days and 30 days, respectively, the overall processing time, from the time of receipt of the request to the issuance of the clearance, has continued to increase significantly in excess of the standard. Industry requests for clearances requiring a BI or a NAC were taking an average of 220 days and 103 days,

respectively, in May 1981. The following tabulation shows the average processing time for industry requests that required a BI or NAC at the end of fiscal years 1978-80 and at May 31, 1981.

<u>Fiscal year</u>	<u>Average number of days to process</u>	
	<u>BI</u>	<u>NAC</u>
1978	96	46
1979	104	57
1980	136	68
1981 (May 31, 1981)	220	103

The following examples of delays, obtained during our visits to contractors, illustrate the severity of the problem.

--A contractor had 280 requests for clearances pending in May 1981. Over 40 of the requests were more than a year old.

--Another contractor had 128 requests pending, and 18 were over 10 months old.

--A third contractor had 55 requests pending. Top secret clearances were being obtained in about 8 to 12 months, and secret clearances were taking as long as 6 months.

Although all industry requests for clearances are controlled by DISCO, each DOD component submits its own requests for clearances to PIC. Consequently, data on the average processing time for BIs and NACs for DOD civilian and military personnel was not readily available. Nevertheless, there is no reason to believe that the average processing time for DOD personnel would be significantly different from that recorded by DISCO for industry personnel because PIC handles all requests the same way.

DELAYS IN PROCESSING REQUESTS ARE COSTLY

The delay in processing requests for security clearances increases costs to the Government, results in delays in contract completion, and increases the risks to national security.

In a July 21, 1981, memorandum to the Secretary of Defense, the Deputy Under Secretary of Defense for Policy referred to the impact of the delays as follows:

"This inordinate delay in finalizing security clearances results in large numbers of personnel who cannot be productively utilized for extended periods, costly slippage in initiation or schedules of classified contracts, and some degradation of operational readiness."

A 1977 industry study estimated that the average loss in productivity due to a delay in processing a personnel security clearance was about \$31 a day for each employee who was unable to work on the classified portion of a Government contract (see p. 4). Adding a factor for inflation since 1977, (7.3, 8.5, 9.0, and 9.5 percent for 1978-81, respectively, compounded), that cost could be about \$43 a day by the end of 1981.

DIS estimates that in 1982 it will receive 130,850 clearance requests from industry--25,850 requiring a BI and a NAC and 105,000 requiring only a NAC. Using the DIS estimate and the industry study, we estimate that processing delays in 1982 could cost industry, and subsequently the Government, about \$340 million, computed as follows.

	<u>BI</u>	<u>NAC</u>	<u>Total</u>
Average processing days (May 1981)	220	103	
Less DOD standard	<u>90</u>	<u>30</u>	
Excess calendar days	130	73	
Less Saturdays and Sundays	<u>38</u>	<u>20</u>	
Excess work days	<u>92</u>	<u>53</u>	
Average excess cost per clearance computed at \$43 a day	<u>\$3,956</u>	<u>\$2,279</u>	
Estimated requests in 1982	25,850	105,000	130,850
Estimated excess cost of processing clearances	<u>\$102,262,600</u>	<u>\$239,295,000</u>	<u>\$341,557,600</u>

The above estimate of 105,000 NACs for 1982 does not include 25,850 that will be made as part of the BIs.

In a June 8, 1981, memorandum to all DOD components on the subject "Degradation of operational readiness/mission accomplish-

ment due to personnel security investigative shortfalls," the Deputy Secretary of Defense stated as follows:

"This situation has resulted in large numbers of personnel--without security clearances--who cannot be productively utilized. For example, in one sensitive program, the cost of the delay in manpower utilization is estimated at over \$41 million."

DOD has not made any departmentwide studies of internal productivity losses resulting from clearance processing delays, but using the results of the industry study provides some perspective of what that cost might be in 1982. We estimate that, using about half of the \$43 daily cost to industry, or about \$21 a day, the cost to DOD because of lost productivity could run about \$580 million in 1982, computed as follows.

	<u>BI</u>	<u>NAC</u>	<u>Total</u>
Average processing days (May 1981)	220	103	
Less DOD standard	<u>90</u>	<u>30</u>	
Excess calendar days	130	73	
Less Saturdays and Sundays	<u>38</u>	<u>20</u>	
Excess workdays	<u>92</u>	<u>53</u>	
Average excess cost per clearance computed at \$21 a day	<u>\$1,932</u>	<u>\$1,113</u>	
Estimated requests in 1982	175,150	219,000	394,150
Estimated excess cost of processing clearances	<u>\$338,389,800</u>	<u>\$243,747,000</u>	<u>\$582,136,800</u>

The above estimate of 219,000 NACs for 1982 does not include the 175,150 that will be made as part of the BIs or about 500,000 that will be made for military enlistees.

DIS officials told us that in 1972, when DOD security clearance investigations were centralized in DIS, the long-range goal was to conduct a BI in 30 days (exclusive of administrative handling and mailing time). No goal was set for the NAC, presumably because that part of the clearance process is primarily

dependent upon the FBI. The officials further said that a current NAC turnaround goal of 20 days would not be unreasonable, although not likely with the present situation at the FBI. If the BI and NAC turnaround time could be further reduced to 55 and 20 days (including administrative handling and mailing time), respectively, additional savings of about \$55 million in industry and \$120 million in DOD might be realized on the basis of the computation methods illustrated above.

Several contractors also told us that delays in obtaining personnel security clearances were causing delays in contract completion and cost overruns.

Increase in
interim clearances

In addition to significant losses in productivity, delays in processing requests have caused another situation that could be detrimental to national security. Because of the urgency of some defense programs and the extensive delays in obtaining clearances, DISCO has been granting an increasing number of interim secret and top secret clearances to contractor personnel. A contractor request for an interim clearance must be approved by the DOD component that has responsibility for the contract. Even though the interim clearance is granted, the type of investigation required for the level of clearance requested must still be performed at a later date.

Statistics on the number of interim clearances issued to DOD civilian and military personnel are not maintained on a centralized basis. However, DISCO maintains such data for contractor personnel. Although DISCO provided us with the number of interim clearances issued since fiscal year 1978, it did not know how many were later revoked because of derogatory information disclosed during the subsequent investigations. The following tabulation shows the number of interim clearances issued by DISCO for fiscal years 1978-81.

<u>Fiscal year</u>	<u>Interim clearances</u> <u>issued</u>
1978	6,136
1979	6,831
1980	9,567
1981 (estimate)	11,350

We believe that the substantial increase in the number of interim clearances issued since 1978 increases the potential for compromise of national security information, because investigative work done after the interim clearance is issued

could provide information that requires revocation of the clearance after an individual has already had access to classified information. The security manager for one contractor told us that two interim clearances had to be withdrawn within the past year because the subsequent investigations disclosed derogatory information. The interim clearances had been requested because it took too long to process a standard clearance request, and the services of the two individuals were urgently needed to comply with the requirements of a contract.

INSUFFICIENT STAFF TO PROCESS
INCREASE IN REQUESTS

DOD has been unable to process the increase in requests for personnel security clearances in a timely manner, because it does not have enough DIS investigators and because the FBI's Identification Division does not have sufficient staff to keep up with its increased workload.

DIS investigative staff

The DIS investigative staff conducts the investigations required for the issuance of top secret clearances and investigations incident to the issuance of secret clearances if the NAC discloses derogatory information. In fiscal year 1980, the investigators completed work on over 2.4 million leads. The average BI requires investigators to complete 10 to 15 leads going back about 5 years, or to the subject's 18th birthday, whichever is less. For special background investigations (see p. 2), the timeframe for the investigation is 15 years, or to the subject's 18th birthday, whichever is less.

Until fiscal year 1981, the number of authorized investigators remained constant, despite significant increases in workload that started in 1979. Initially, 224 additional positions were requested for fiscal year 1982; however, because of the increased workload, the positions were advanced in fiscal year 1981. The following tabulation shows the number of authorized investigators at the end of fiscal years 1978-81.

<u>Fiscal year</u>	<u>Investigators authorized</u>
1978	855
1979	857
1980	847
1981	1,071

At June 30, 1981, 996 investigators were assigned. Even the increase in staff has not been sufficient to reduce the backlog of requests for security clearances.

In an April 27, 1981, memorandum, the Director of DIS requested more resources because of the "deterioration of the Personnel Security Investigations (PSI) program." On May 8, 1981, the Director, Security Plans and Programs, advised DIS that representatives of DOD's intelligence components believed that the exclusive solution to the problem was full resource augmentation. The Director requested that DIS provide an estimate of the resources that would be needed to reduce the turn-around time for investigations to 65 days by the end of fiscal year 1982, assuming (1) requests increase at the same rate as they have over the past 3 years, and (2) requests do not exceed the level reflected in the 12-month period ended March 31, 1981.

On May 18, 1981, the Director of DIS responded that assumption 1 would require 880 additional positions (investigators and support staff) at an annual cost of about \$12.5 million and that assumption 2 would require 750 additional positions at an annual cost of about \$10.5 million.

FBI Identification Division

The FBI Identification Division provides fingerprint identification and arrest record services to over 17,300 authorized users. At the beginning of fiscal year 1981, the FBI had about 173 million fingerprint cards. The FBI receives over 6 million requests for fingerprint identification a year, or about 27,000 a day. DOD requests for fingerprint identification for in-house and industry personnel accounted for 11 percent of the requests in 1978 and 13 percent in 1980.

The division maintains two sets of files--a criminal file and a civil file. The criminal file contains arrest records and related fingerprint cards. The civil file contains fingerprint cards of individuals who have been fingerprinted in connection with (1) employment in the Government, (2) military service, (3) alien registration, and (4) personal identification. When the division receives a request for fingerprint identification, the first step is to make a name search of the criminal files by comparing the name and other descriptive items on the request with data in the files. If there is a tentative match with an arrest record on file, the incoming fingerprint card is compared with the card or cards already in the files and the requester is notified accordingly. If the name search is unsuccessful, the time consuming manual process of trying to match the incoming fingerprint card with fingerprint cards in the criminal file must be done.

During the 1960s the average time required to process requests from users was 3 workdays. (DOD uses calendar days

in determining turnaround time.) In fiscal year 1978, the FBI turnaround time was about 14 workdays, and there was a work backlog of 197,000 fingerprint cards. By 1980, the backlog had increased to 564,000 fingerprint cards and the turnaround time was 26 workdays. Statistics obtained from PIC show that the turnaround time for DOD requests was averaging 58 calendar days in June 1981. In its 1982 budget request, the FBI attributed the increase in turnaround time to three factors: (1) the growth in the size of the files, (2) the difficulty of recruiting and retaining personnel, and (3) substantial new processing burdens resulting from privacy legislation, regulations, and court decisions.

In a February 19, 1980, letter to the Director of the FBI, the Deputy Secretary of Defense cited the increase in the turnaround time for DOD fingerprint checks and requested any assistance that the Director might provide in resolving the situation.

In a March 3, 1980, letter, the Director responded, in part, as follows:

"Under existing circumstances, it does not appear the situation will improve in the foreseeable future. The Identification Division is understaffed in relation to the work burdens it is experiencing. This condition is the result of budget cuts and our difficulty in recruiting qualified personnel. As of now, it appears that future budgetary constraints will prevent the Division from reaching a staffing level which would bring about an improvement in the work turnaround time." (Underscoring supplied.)

Authorized staffing for the Identification Division has steadily declined since fiscal year 1979, as shown in the following tabulation.

<u>Fiscal year</u>	<u>Authorized personnel</u>
1978	3,586
1979	3,620
1980	3,420
1981	2,863
1982 (requested)	3,049

The initial authorization of 3,120 for fiscal year 1981 was reduced to 2,863 by the Office of Management and Budget in January 1981. We were told by an FBI official that, assuming there is no backlog of requests, a staff of about 3,600 could

respond to requests in a turnaround time of about 10 workdays.

It appears that the backlog of requests and lengthy turnaround time could also have a serious impact on users other than DOD, such as law enforcement agencies.

CHAPTER 3
WHAT IS BEING DONE AND
WHAT NEEDS TO BE DONE

DOD ACTIONS

Actions have been taken and proposed to reduce the increasing backlog and turnaround time for processing personnel security requests. Some measures may provide immediate relief, while others, if implemented, will take longer.

In a June 8, 1981, memorandum to the heads of DOD components, the Deputy Secretary of Defense announced several short-term actions, including the following:

- A moratorium was placed on all periodic reinvestigations. (Updated investigations generally are required every 5 years for granting access to special program information.)
- Background investigations are not to be made of individuals whose access is at the secret level, except for immigrant aliens.
- A personal interview-oriented background investigation is to be made in lieu of the traditional background investigation.

The interview-oriented background investigation consists of a personal interview of the subject, a NAC, a local agency check, and an expanded investigation if any of the foregoing reveal significant adverse information. A March 1981 report on a pilot test of the interview-oriented BI indicated that it developed three times as much significant information as the traditional BI.

In his July 21, 1981, memorandum to the Secretary of Defense, (see p. 6), the Deputy Under Secretary of Defense for Policy mentioned the short-term remedial actions instituted on June 8 and the temporary assignment of investigators from the Air Force, Army, and Office of Personnel Management. However, because of the critical nature of the problem, he requested reprogramming of the fiscal year 1982 budget to give DIS an additional \$12.5 million and 880 positions, including about 595 positions for investigators, 60 for PIC, and the remainder for supervisory and support type functions. As of August 26, 1981, the Secretary of Defense had not taken action on the request for reprogramming.

We reviewed the DIS justification for the additional positions. The justification is based on

- an anticipated increase of about 30,000, for a total of 201,000 new BI's in 1982;
- reduction of the expected backlog of 89,700 open cases at the end of fiscal year 1982 to 43,300; and
- reduction of the turnaround time for the investigative part of the process to 65 days by the end of the fiscal year.

If the new investigators needed to accomplish the above work could all be hired, trained, and put to work on October 1, 1981, DIS would only need 298 investigators. However, because the hiring and training will take place during fiscal year 1982, DIS will need about 595 investigators to accomplish its objective of a 65 day turnaround time. (The overall processing time--including administrative handling and mailing--would be 90 days.) When we asked how the extra investigators would be used in 1983, DIS officials told us that they would be used to (1) handle an anticipated increase of 35,000 BIs in 1983, (2) catch up on the periodic reinvestigations that were suspended in June 1981, and (3) improve the quality of the investigative work.

To the extent that the turnaround time for NACs at the FBI can be reduced, we believe that the additional investigators could be used to further reduce the anticipated 65 day turnaround time for BIs.

CONCLUSIONS

As noted in chapter 2, the number of requests for personnel security clearances has increased substantially in recent years, and there is every indication that the trend will continue. Major DOD components have estimated increases in their clearance requirements, and the pending approval of the 1982 DOD budget of \$226 billion--\$46 billion more than the 1981 budget--and an increase in civilian employees from 990,000 to 1,025,000 tend to support those estimates.

The increase in the turnaround time for processing clearances is extremely costly in lost productivity in industry and Government. Although there is no way of precisely determining the cost, reasonable estimates from industry indicate that such productivity losses could cost industry and, subsequently, the Government, about \$340 million in fiscal year 1982. Using industry estimates as a guide, the cost of lost productivity within DOD for civilian and military personnel could easily run about \$580 million dollars in 1982.

More serious, however, is the fact that failure to promptly process security clearances results in "some degradation of operational readiness" and could be detrimental to national security. We believe that the increase in the number of interim clearances issued increases the threat of potential compromise of national security information.

As noted in chapter 1, some delays in processing security clearances may be caused by factors other than staff shortages in DIS and FBI. We plan to examine these factors in more detail during our ongoing review to see if other reductions in processing time can be realized. We also plan to ascertain if the number of requests for clearances can be reduced by establishing or improving existing controls in the system. Nevertheless, in view of the critical situation, we believe that the appropriate solution to the problem at this time is more investigators, and that action to authorize the hiring of additional investigators should be expedited.

RECOMMENDATION

We recommend that the Secretary of Defense reprogram the 1982 budget to provide the Defense Investigative Service authority to hire the additional personnel needed to expedite the investigation and processing of personnel security clearances.

FBI ACTIONS

The FBI is planning several actions that could reduce the backlog of work in the Identification Division and result in improved service to criminal justice agencies and DOD.

Most of the services provided by the division are required by legislation, regulation, or Executive order. However, Public Law 92-544 provides that FBI funds may be used to service certain requestors, such as State and local employment and licensing agencies. In view of the discretionary nature of this provision of law, the FBI has decided to discontinue service to that group of users in fiscal year 1982. The FBI estimates that this action will reduce the division's workload by about 1.4 million fingerprint cards in 1982 and permit the processing of other requests on a more timely basis.

The division is also considering other short-term measures to reduce the turnaround time. Officials will continue efforts to streamline operations and motivate the staff to increase productivity and are considering the feasibility of charging noncriminal justice requesters for services. Officials believe that charging such requesters would reduce the number of requests.

The long-term solution to the problem of the division's increasing workload and backlog is automation. In 1967 the FBI initiated a research and development program to automate the division's operations. A 1971 study determined the program's feasibility, and phased implementation of automation was begun. Progress has been made in developing and implementing parts of the program. For example, about 30 percent of the arrest records have been incorporated in a computer system which facilitates the matching of names on incoming requests with names on arrest records. Although equipment has been developed that automatically reads, compares, and matches fingerprints, that part of the system has not been put into full operation. Funding for the program was curtailed by the Department of Justice pending completion of an independent study of the technical, economic, and operational feasibility of the program.

The study, performed by a contractor, considered various alternative methods of automating the program and concluded that

- the cost of implementing the suggested system would be about \$50.6 million;
- a discounted savings of about \$19.9 million would be realized during the 25-year evaluation period;
- the system could eventually have a response time of 8 hours, excluding incoming and outgoing time in the mailroom; and
- the automated system would be substantially more accurate than the existing manual system.

With adequate funding, the contractor believes that the system could be in full operation by 1988.

One reason for the long transition period is the need to operate the manual and automated systems concurrently while the large volume of fingerprint cards is incorporated into the automated system. FBI officials believe that attention should be given to faster automation of the arrest records. They believe that such action will facilitate fingerprint matching in many cases and conserve manpower.

The Attorney General's Task Force on Violent Crime, in its June 1981 report, concluded that automating the fingerprint identification process will do much to improve response time and that, where possible, these efforts should be accelerated. The report recommends that the Attorney General take all steps necessary to reduce substantially the delay in processing criminal identification applications.

As noted in chapter 2, the number of personnel authorized for the division was reduced by the Office of Management and Budget in January 1981. In May 1981, the Department of Justice requested Budget Office support for an amendment to the 1982 budget that would add 571 positions and \$7.8 million to the division and give it authority to charge noncriminal and non-Federal users for services beginning sometime in fiscal year 1982. In July the Budget Office approved the request to institute a fee system (starting Jan. 1, 1982) but refused the request for the 571 positions and \$7.8 million. The Budget Office did authorize the Department to convert 208 existing part-time positions to full-time. A division official told us that the conversion action would add nothing, but that an additional 571 positions would provide full staffing to about 3,600 positions and enable the division to respond to requests within 10 workdays, assuming there was no backlog.

CONCLUSIONS

DOD efforts to reduce the long turnaround time in processing requests for personnel security clearances cannot be fully effective if the FBI continues to take about 2 months to provide fingerprint identification and arrest records service. Although the services of the FBI are vital to DOD in processing security clearances, the major function of the FBI's Identification Division is to service the criminal justice system at all levels, promptly and accurately.

Some of the FBI's proposed short-term actions could alleviate part of the critical backlog situation in the Identification Division. Certainly, in the long term, successful automation of the division's operations as soon as possible, as noted by the Attorney General's Task Force, will enable it to provide prompt and efficient service in a cost-effective manner. However, we believe that the current situation, with a 2-month turnaround time for DOD requests and similar delays to criminal justice agencies, requires additional action that will have a more immediate effect on reducing the increasing backlog of work and improving request turnaround time.

RECOMMENDATIONS

We recommend that the Attorney General request, and that the Director, Office of Management and Budget, approve authority for the FBI to increase the number of personnel in the Identification Division. We further recommend that the Attorney General expedite implementation of the proposed automation program in that division.

PREVIOUS GAO REPORTS DEALING WITH DOD AND THE
NATIONAL SECURITY INFORMATION
PROGRAM AND PERSONNEL SECURITY INVESTIGATIONS

National Security Information

March 9, 1979	"Improved Executive Branch Oversight Needed for the Government's National Security Information Classification Program" LCD-78-125.
October 26, 1979	"Continuing Problems in DOD's Classification of National Security Information" LCD-80-16.
October 15, 1980	"Systematic Review for Declassification of National Security Information--Do Benefits Exceed Costs?" LCD-81-3.
December 16, 1980	"Oversight of the Government's Security Classification Program--Some Improvement Still Needed" LCD-81-13.
March 23, 1981	"DOD Should Give Better Guidance and Training to Contractors Who Classify National Security Information" PLRD-81-3.

Personnel Security Investigations

December 2, 1974	"Personnel Security Investigations: Inconsistent Standards and Procedures" B-132376.
August 31, 1979	"Cost of Federal Personnel Security Investigations Could and Should be Cut" FPCD-79-79.

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